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American Council on Education  
Office of the President

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Federal Communications Commission  
Office of Secretary

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: Universal Service Contribution Methodology, CC Docket No. 96-45

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, the American Council on Education (ACE)—representing over 1,800 colleges and universities—and the associations listed below hereby submit this *ex parte* presentation in the above-referenced docket to express its concern with the proposed FCC Universal Service Fund ("USF") contribution methodology.

ACE strongly supports the goal of providing telecommunications service to every American, and its member institutions always have been willing to do their part through USF contributions to make this goal a reality. Indeed, although institutions of higher education do not typically receive USF funding, many of ACE's member institutions are located in rural and other high-cost service areas that depend on the USF to enable providers to build basic telecommunications infrastructure. The Universal Service program has helped to expand access to telecommunications service throughout America, and ACE's member institutions look forward to helping the Commission continue that record through their future contributions.

However, the current proposals for a numbers-based contribution methodology would sharply increase the cost burden on colleges and universities that provide telephone and data services to their students, faculty, and other employees. Calculations provided to the Commission show that under a numbers-based contribution methodology that assumes a charge of \$1.00 per number per month, USF contributions required of colleges and universities will increase by nine times, while the burden on the smallest institutions—those with 2,000 or fewer numbers—will increase by an astounding thirty-seven times. These remarkable contribution increases have been borne out by projections provided by individual colleges and universities. The chart below shows the percentage increases in a sample of school's contributions if the \$1.00 per number charge is instituted.

School	Current Contribution	Projected Contribution	Percent Increase
Stone Hill College	\$100	\$4000	3,900%
Hudson Valley Community College	\$600	\$20,000	3,233%
Rice University	\$400	\$10,000	2,400%
Texas Lutheran University	\$80	\$2,000	2,400%
Wellesley College	\$350	\$7,260	1,974%

University of Washington	\$15,184	\$277,800	1,730%
Southern Illinois University at Carbondale	\$12,000	\$200,000	1,567%
Calvin College	\$700	\$11,000	1,471%
Macalester	\$1,560	\$23,000	1,374%
State University of New York at New Palz	\$4,000	\$42,000	950%
Monmouth University	\$3,192	\$33,528	950%
University of South Florida	\$18,000	\$180,000	900%
St. John's University	\$4,200	\$26,400	529%
Harvard University	\$70,000	\$400,000	471%
College of St. John Benedict	\$4,200	\$18,000	328%

This list could go on and on, and the Commission likely will continue to hear that institutions of higher education across the country would suffer these staggering, unbudgeted cost increases if the Commission were to apply to them a numbers-based contribution methodology. But the bottom line is simple: The plan under consideration will sharply and dramatically increase costs for colleges and universities.

Telecommunications services form an essential part of institutions of higher learning. Telephones and data connections link students to each other, to their professors, to the college itself, and to their families. Nonetheless, some schools have indicated that the drastic increase in USF costs could lead to the elimination of individual telephone service for students in campus housing, a reduction of the numbers assigned to faculty and staff, and a decrease in the number of campus safety and courtesy phones. Each of these changes would severely constrict the ability of members of the campus community to communicate with each other and with emergency services. The increased costs could have an even more drastic effect on the ability of colleges and universities to continue to upgrade their telecommunications infrastructure and introduce new research networks like Internet2 to ensure the most advanced learning environment available.

At this point, however, it appears that the numbers-based formula would lead to an inequitable contribution regime. The current numbers-based proposal seems to treat all enterprise customers alike, despite the fact that category includes Fortune 500 companies, colleges and universities, local and state governments, charitable organizations, and medical institutions. These organizations' abilities to absorb the large-scale fee increases that the numbers-based methodology would demand vary greatly, and there is no obvious equity in requiring organizations of such widely varying form and function to pay equally, on a number-for-number basis, into the USF. The structure of telecommunications networks on campus typically are fundamentally different than those employed by enterprise users in the business sector because they generally employ many more numbers per trunk than the businesses that the Commission has studied. Moreover, colleges and universities have unusually large needs for assigned numbers that are not necessarily placed into service at a given time. For example, colleges and universities maintain dormitory numbers over semester and summer breaks even though those numbers are not functioning during those periods. The continuity that maintaining these inactive numbers provides to campus life, safety, and security results in enormous benefits, but those benefits would be endangered if schools were forced to pay into USF on a strict per-number basis.

If the Commission adopts a number-based methodology, it should seek an approach that shows due regard for the unique needs of colleges and universities and avoids assigning to educational institutions, local governments, and other non-profit organizations a disproportionate share of the universal service burden. ACE strongly agrees with the filers in this docket who have suggested that equity requires, the Commission to adopt a hybrid approach that determines an organization's contribution by examining the number of trunks it uses in providing service, rather than the number of telephone numbers assigned to those trunks. This would ensure that institutions of higher learning do not shoulder a heavier load of the USF burden merely because they tend to assign more numbers per trunk than other enterprises.

ACE again applauds the Commission for the important work it does to ensure the widest possible access to telecommunications service for rural and other underserved groups. ACE and its members, however, request the Commission to ensure that in pursuing that goal, it ensures that colleges and universities are not unfairly assessed with exploding contribution requirements.

Respectfully submitted,



David Ward  
President

DW/cms

On behalf of:

American Association of Community Colleges  
American Association of State Colleges and Universities  
American Council on Education  
Association of American Universities  
National Association of College and University Business Officers  
National Association of Independent Colleges and Universities  
National Association of State Universities and Land-Grant Colleges